

**THE OFFICE OF REGULATORY STAFF
REHEARING TESTIMONY AND EXHIBITS
OF
DANIEL F. SULLIVAN
NOVEMBER 16, 2017**



DOCKET NO. 2014-346-WS

**Daufuskie Island Utility Company, Incorporated for
Approval of an Increase for Water and Sewer Rates
Terms and Conditions**

REHEARING TESTIMONY OF

DANIEL F. SULLIVAN

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2014-346-WS

IN RE: APPLICATION OF

DAUFUSKIE ISLAND UTILITY COMPANY, INCORPORATED

FOR APPROVAL OF AN INCREASE FOR WATER AND SEWER RATES,

TERMS AND CONDITIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Daniel F. Sullivan. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") as the Deputy Director of the Audit Department.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Bachelor of Science Degree in Business Administration with a major in Accounting from the University of South Carolina in December 1998. From February 1999 to February 2005, I was employed as an auditor with the South Carolina Auditor's Office. In that capacity, I performed audits and reviews of cost reports filed by institutional providers of Medicaid services for the South Carolina Department of Health and Human Services. The primary purpose of these audits and reviews was to establish the applicable reimbursement rates to be paid to Medicaid providers for services rendered

1 to qualified Medicaid patients. In February 2005, I began my employment with ORS and
2 since then have been involved in cases dealing with the regulation of telecommunication,
3 natural gas, electric, low-level radioactive waste disposal, water and wastewater
4 companies.

5 **Q. DO YOU ADOPT THE ORS TESTIMONY AND EXHIBITS OF IVANA C.**
6 **GEARHEART PREVIOUSLY FILED IN THIS DOCKET IN ITS ENTIRETY?**

7 **A.** Yes. In addition, ORS has made adjustments to include the items identified in the
8 guidance provided by South Carolina Supreme Court Opinion No. 27729.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

10 **A.** The purpose of my rehearing testimony is to adopt the testimony of Ivana C.
11 Gearheart filed on October 2, 2015, taking into account the adjustments as set forth in
12 South Carolina Supreme Court Opinion No. 27729, and to set forth the findings and
13 recommendations resulting from ORS's examination of the rehearing testimony and
14 exhibits filed by John F. Guastella and Gary C. White, on behalf of Daufuskie Island
15 Utility Company, Inc. ("DIUC" or "Company") on October 18, 2017, for the Rehearing of
16 South Carolina Public Service Commission ("PSC") Docket No. 2014-346-WS.

17 **Q. PLEASE DESCRIBE THE FINDINGS OF THE SOUTH CAROLINA SUPREME**
18 **COURT IN ITS OPINION NO. 27729 AS THEY RELATE TO ORS'S**
19 **ADJUSTMENTS.**

20 **A.** In summary, South Carolina Supreme Court Opinion No. 27729 gave guidance on
21 three issues related to ORS's adjustments:

22 1. DIUC owns the utility equipment located on the elevated tank site, and is therefore
23 entitled to include the value of this property in its rate base.

2. In adopting ORS's adjustments, the PSC disregarded DIUC's binding obligation under the settlement agreement with Beaufort County in order to conform more closely to the 2014 test year (property taxes). Also, an annual bill of \$65,856 for back taxes (property) alone is a substantial expense for which the PSC should have adjusted the test year data.

3. The PSC's decision to allow a bad debt expense of \$30,852 is unsupported by the evidence in the record.

Q. PLEASE DESCRIBE THE PROCEDURES USED TO EXAMINE THE REHEARING TESTIMONY AND EXHIBITS FILED BY DIUC AND INFORMATION PROVIDED DURING THE COURSE OF DISCOVERY.

A. ORS reviewed the South Carolina Supreme Court Opinion No. 27729. In order to comply with the Court's guidance, ORS determined that plant-in-service, property taxes and bad debt expense should be adjusted. Also, through discovery, DIUC submitted invoices to support additional rate case expenses that had been incurred since the original PSC hearing, on October 28, 2015. Based on a review of the invoices provided by the Company, ORS updated total rate case expenses and the amortization of rate case expenses. ORS also updated all "fall-out" adjustments such as depreciation expense, accumulated depreciation, taxes other than income tax, income taxes, cash working capital and interest expense for the changes to plant in service, property taxes, bad debt expense and amortization of rate case expenses. ORS prepared Rehearing Audit Exhibits DFS-1 through DFS-8 based on these changes and using the Company's proposed increase in its rehearing testimony and exhibits. ORS also prepared Rehearing Audit

Exhibit DFS-9, which shows the revenue increase necessary, based on ORS rehearing accounting and pro forma adjustments, to derive the PSC approved 9.28% return on equity

Q. PLEASE IDENTIFY THE EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. I have attached the following exhibits to my rehearing testimony:

- Rehearing Audit Exhibit DFS-1: Operating Experience, Rate Base and Rates of Return for Combined Operations
- Rehearing Audit Exhibit DFS-2: Operating Experience, Rate Base and Rates of Return for Water Operations
- Rehearing Audit Exhibit DFS-3: Operating Experience, Rate Base and Rates of Return for Sewer Operations
- Rehearing Audit Exhibit DFS-4: Explanation of Accounting and Pro Forma Adjustments
- Rehearing Audit Exhibit DFS-5: Computation of Depreciation and Amortization Expense
- Rehearing Audit Exhibit DFS-6: Computation of Income Taxes
- Rehearing Audit Exhibit DFS-7: Cash Working Capital Allowance
- Rehearing Audit Exhibit DFS-8: Return on Equity
- Rehearing Audit Exhibit DFS-9: Schedules Supporting a 9.28% Return on Equity

These exhibits were either prepared by me or were prepared under my direction and supervision in compliance with recognized accounting and regulatory procedures for water and wastewater utility rate cases. These exhibits show various aspects of the Company's operations and financial position.

**Q. PLEASE DESCRIBE THE FORMAT OF REHEARING AUDIT EXHIBIT DFS-1
AND ELABORATE ON THE CALCULATIONS.**

A. Rehearing Audit Exhibit DFS-1 details the Company's combined operating experience, rate base and rates of return for water and sewer operations for the test year. The exhibit's format is designed to reflect the Application per books, the accounting and pro forma adjustments resulting from the guidance given in South Carolina Supreme Court Opinion No. 27729, the ORS proposed accounting and pro forma adjustments resulting from ORS's examination of the Company's rehearing testimony, exhibits, and information provided by the Company for this rehearing, and the remaining, unaltered, proposed accounting and pro forma adjustments as included in Audit Exhibit ICG-1 necessary to normalize the results of the Company's test year operations, and calculate the impact of DIUC's rehearing proposed increase on the normalized test year.

Column (1) details the Application per books amounts reported by DIUC for the test year ended December 31, 2014.

Column (2) details ORS's accounting and pro forma adjustments based on the guidance given in South Carolina Supreme Court Opinion No. 27729, ORS's examination of the Company's rehearing testimony, exhibits, and information provided by the Company for this rehearing, and the remaining, unaltered, proposed accounting and pro forma adjustments as included in Audit Exhibit ICG-1 designed to normalize the Application per books. An explanation of each adjustment is contained in Rehearing Audit Exhibit DFS-4.

Column (3) details ORS's results for a normalized test year for DIUC by adding columns (1) and (2). After the accounting and pro forma adjustments, net income for return of (\$162,216) was computed using total operating revenues of \$1,073,577, less total

operating expenses of \$1,235,793. Total rate base of \$5,867,632, produced a return on rate base of -2.76%. As shown on Rehearing Audit Exhibit DFS-8, the resulting return on equity ("ROE") was -9.63%.

Column (4) details the Company's proposed increase based on its rehearing testimony and exhibits and ORS's calculation of the bad debt, taxes other than income tax, income tax and customer growth adjustments associated with the proposed increase. An explanation of each adjustment is contained in Rehearing Audit Exhibit DFS-4.

Column (5) details the effect of the Company's proposed increase based on its rehearing testimony by adding columns (3) and (4). Net income for return of \$615,869 was computed using total operating revenues of \$2,255,876, less total operating expenses of \$1,642,143 plus customer growth of \$2,136. Total rate base of \$5,867,632 produced a return on rate base of 10.50%. As shown on Rehearing Audit Exhibit DFS-8, the resulting ROE was 14.93%.

Q. PLEASE EXPLAIN THE ADJUSTMENTS IN REHEARING AUDIT EXHIBIT DFS-4.

A. For comparative purposes, ORS's rehearing accounting and pro forma adjustments based on guidance given in South Carolina Supreme Court Opinion No. 27729, and the Company's proposed adjustments for the rehearing are both presented in Rehearing Audit Exhibit DFS-4.

Adjustment 1 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

Adjustment 2 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

1 Adjustment 3 – The Company accepted ORS’s original adjustment on Audit
2 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

3 Adjustment 4 – ORS’s operation and maintenance expense adjustments total
4 (\$31,228) and are comprised of the following:

5 Adjustment 4(a) – The Company accepted ORS’s original adjustment on Audit
6 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

7 Adjustment 4(b) – The Company accepted ORS’s original adjustment on Audit
8 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

9 Adjustment 4(c) – The Company accepted ORS’s original adjustment on Audit
10 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

11 Adjustment 4(d) – The Company accepted ORS’s original adjustment on Audit
12 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

13 Adjustment 4(e) – The Company accepted ORS’s original adjustment on Audit
14 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

15 Adjustment 4(f) – The Company accepted ORS’s original adjustment on Audit
16 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

17 Adjustment 4(g) – No change from Audit Exhibit ICG-4. ORS proposes to adjust
18 outside services for management fees to reflect the PSC approved amount of \$132,211 in
19 Docket No. 2011-229-WS. This resulted in an ORS proposed adjustment of (\$25,439) to
20 the per book amount of \$157,650. See ORS Utility Rates Department witness Dawn
21 Hipp’s testimony for further details.

22 Adjustment 4(h) – The Company accepted ORS’s original adjustment on Audit
23 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

1 Adjustment 4(i) – The Company accepted ORS’s original adjustment on Audit
2 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

3 Adjustment 4(j) – ORS proposes to adjust bad debt expense. ORS computed total
4 bad debt expense of \$105,384, less the per book amount of \$105,668 for a total
5 adjustment of (\$284). This is the adjustment filed by ORS on Audit Exhibit ICG-4 and
6 complies with the guidance given by South Carolina Supreme Court Opinion No. 27729.

7 Adjustment 4(k) – The Company accepted ORS’s original adjustment on Audit
8 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

9 Adjustment 4(l) – The Company accepted ORS’s original adjustment on Audit
10 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

11 Adjustment 4(m) – The Company accepted ORS’s original adjustment on Audit
12 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

13 Adjustment 5 – Based on guidance from South Carolina Supreme Court Opinion
14 No. 27729, the ORS computed depreciation expense and amortization of contributions in
15 aid of construction (“CIAC”) adjustment is now \$9,488. The ORS proposed adjustment
16 to depreciation expense and amortization of CIAC on Audit Exhibit ICG-4 was (\$2,002).

17 Adjustment 5(a) - Based on guidance from South Carolina Supreme Court
18 Opinion No. 27729, ORS has adjusted the gross plant in service to include the water tank
19 and well located on the elevated tank site that were removed in Docket No. 2011-229-
20 WS. As a result, ORS computes an adjustment to depreciation expense of \$9,394, which
21 is shown on Rehearing Audit Exhibit DFS-5. The ORS adjustment to annualize
22 depreciation on Audit Exhibit ICG-4 was (\$2,096). See the description for Adjustment
23 10 for further details.

1 Adjustment 5(b) – The Company accepted ORS’s original adjustment on Audit
2 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

3 Adjustment 6 – Based on guidance from South Carolina Supreme Court Opinion
4 No. 27729, ORS computed an amortization adjustment of \$17,166. The ORS proposed
5 adjustment to amortization expense on Audit Exhibit ICG-4 was (\$42,308).

6 Adjustment 6(a) – ORS proposes to adjust amortization expense for rate case
7 expenses totaling \$275,382 amortized over five (5) years. These expenses include
8 unamortized rate case expenses of \$22,500 from the previous rate case, current rate case
9 expenses of \$75,000 as included on Audit Exhibit ICG-4, and additional legal, bond
10 premiums and letter of credit fees associated with the appeal of \$177,882. ORS’s
11 amortization expense adjustment amounted to \$55,076 ($\$275,382/5$ years), less per book
12 amount of \$ 92,421, for total adjustment of (\$37,345).

13 Adjustment 6(b) – Based on guidance from South Carolina Supreme Court
14 Opinion No. 27729, ORS computed an adjustment to amortization expense for property
15 taxes of \$526,848 amortized over eight (8) years for an annual amortization of property
16 taxes of \$65,856. This adjustment amount agrees with the Company’s adjustment in its
17 rehearing testimony and exhibits.

18 Adjustment 7 – The taxes other than income taxes adjustment of \$191,271 is
19 comprised of the following:

20 Adjustment 7(a) – The Company accepted ORS’s original adjustment on Audit
21 Exhibit ICG-4 as shown on Gary C. White’s Rehearing Testimony and Exhibits.

22 Adjustment 7(b) – Based on guidance from South Carolina Supreme Court
23 Opinion No. 27729, ORS computed an adjustment to property taxes to reflect the

calendar year 2015 level. Calendar year 2015 property taxes amounted to \$192,302 less the per book amount of \$4,210, for an adjustment of \$188,092. This adjustment amount agrees with the Company's adjustment in its rehearing testimony and exhibits.

Adjustment 7(c) – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

Adjustment 8 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

Adjustment 9 – ORS does not propose to adjust customer growth after the accounting and pro forma adjustments.

Adjustment 10 – Based on guidance from South Carolina Supreme Court Opinion No. 27729, ORS proposes to adjust gross plant in service to include the water tank and well located on the elevated tank site. In Docket No. 2011-229-WS, ORS removed \$863,379 from plant in service for the elevated water storage tank and \$61,956 for a well located on the elevated tank site due to ownership disputes in regards to the property. The ORS adjustment to plant in service on Audit Exhibit ICG-4 was (\$1,624,696). Based on the Supreme Court guidance, ORS now computes an adjustment to gross plant in service of (\$699,361) which is shown on Rehearing Audit Exhibit DFS-5. Audit Exhibit ICG-5 showed the adjusted water total for reservoirs and standpipes as \$34,700. Rehearing Audit Exhibit DFS-5 includes the elevated water storage tank amount of \$863,379, and shows the adjusted water total for reservoirs and standpipes as \$898,079. Audit Exhibit ICG-5 showed the adjusted water total for wells as \$732,908. Rehearing Audit Exhibit DFS-5 includes the \$61,956 for the well removed in Docket No. 2011-229-

WS and shows the adjusted water total for wells as \$794,864. Rehearing Audit Exhibit DFS-5 reflects all other adjustments to plant-in-service included on Audit Exhibit ICG-5.

Adjustments 11 – Based on guidance from South Carolina Supreme Court Opinion No. 27729, ORS adjusted gross plant in service to include the water tank and well located on the elevated tank site that were removed in Docket No. 2011-229-WS. As a result, ORS now computes an adjustment to accumulated depreciation of (\$180,067). The ORS adjustment to accumulated depreciation on Audit Exhibit ICG-4 was (\$141,198). See the description for Adjustment 10 for further details.

Adjustment 12 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

Adjustment 13 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

Adjustment 14 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

Adjustment 15 – ORS proposes to adjust cash working capital after accounting and pro forma adjustments using an allowable rate of 20% (1/5 of Operating & Maintenance expenses) based on the quarterly billing cycle. The formula is based on the average number of days per billing cycle, plus a 30-day collection period, divided by 360 days ($45 + 30 / 360 = 20\%$). ORS proposes to increase cash working capital by \$87,676. This is the same adjustment amount as shown on Audit Exhibit ICG-4. Details of this adjustment are included in Rehearing Audit Exhibit DFS-7.

Adjustment 16 – The Company accepted ORS's original adjustment on Audit Exhibit ICG-4 as shown on Gary C. White's Rehearing Testimony and Exhibits.

1 Adjustment 17 – ORS proposes to synchronize allowable interest expense to reflect
2 the rate base after accounting and pro forma adjustments, using the capitalization ratio of
3 54% for equity and 46% for debt and a cost of debt of 5.29%. These are the debt, equity
4 and cost of debt percentages applied by ORS on Audit Exhibit ICG-8. ORS computed an
5 adjustment of (\$34,743), resulting in allowable interest expense of \$142,783. See
6 Rehearing Audit Exhibit DFS-8 for ORS's computation of interest expense.

7 Adjustment 18 – The Company's rehearing proposed increase would produce
8 additional revenues of \$383,382 for residential, \$139,081 for commercial and \$108,369 for
9 irrigation for a total adjustment of \$630,832.

10 Adjustment 19 – The Company's rehearing proposed increase would produce
11 additional revenues of \$518,553 for availability billing.

12 Adjustment 20 – The Company's rehearing proposed increase would produce
13 additional revenues of \$32,914 for miscellaneous other revenue.

14 Adjustment 21 – Based on guidance from South Carolina Supreme Court Opinion
15 No. 27729, ORS computed an adjustment to bad debt expense for the rehearing proposed
16 increase using the methodology and percentages used to calculate the adjustment on Audit
17 Exhibit ICG-4. ORS applied a bad debt percentage of 9.82% (rounded) to the Company's
18 rehearing proposed increase to calculate an adjustment to bad debt expense of \$116,056.

19 Adjustment 22 – ORS proposes to adjust gross receipts and utility/commission
20 taxes for the Company's rehearing proposed increase. ORS used a factor of .00856574,
21 which is comprised of the PSC and ORS factor of .00556574 and the Department of
22 Revenue's factor of .003. ORS's proposes to increase gross receipts taxes by \$10,128.

Adjustment 23 – ORS proposes to adjust income taxes for the Company's proposed increase by \$280,167. See Rehearing Audit Exhibit DFS-6 for the computation of income taxes.

Adjustment 24 – ORS proposes to adjust customer growth after the proposed increase resulting in an adjustment of \$2,136. ORS used growth factors of 0.18519% for water operations and 0.48985% for sewer operations as was done on Audit Exhibit ICG-4.

Q. PLEASE DESCRIBE REHEARING AUDIT EXHIBIT DFS-5 THROUGH REHEARING AUDIT EXHIBIT DFS-8.

A. Rehearing Audit Exhibit DFS-5 shows ORS's calculation of depreciation expense and amortization of CIAC for the Company's rehearing proposed increase. Rehearing Audit Exhibit DFS-6 shows ORS's computation of income taxes for the Company's rehearing proposed increase. Rehearing Audit Exhibit DFS-7 shows the calculation of the cash working capital allowance for the Company's rehearing proposed increase. Rehearing Audit Exhibit DFS-8 shows the calculation of return on common equity for the Company's rehearing proposed increase.

Q. PLEASE DESCRIBE REHEARING AUDIT EXHIBIT DFS-9.

A. Rehearing Audit Exhibit DFS-9 is comprised of schedules showing the revenue increase necessary, based on ORS's rehearing accounting and pro forma adjustments and guidance handed down from South Carolina Supreme Court Opinion No. 27729, to derive a 9.28% return on equity, as ordered by the PSC in Order No. 2015-846, and is within the return on equity range recommended by ORS witness Dr. Douglas H. Carlisle in his pre-filed direct testimony.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

1 A. Yes.

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Operating Experience, Rate Base, and Rates of Return
For the Test Year Ended December 31, 2014
Combined Operations

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) DIUC Rehearing Proposed Increase \$	(5) After Proposed Increase \$
<u>OPERATING REVENUE</u>					
Residential revenue	307,239	4,913 1a	312,152	383,382 18a	695,534
Commercial Revenue	151,056	(4,780) 1b	146,276	139,081 18b	285,357
Irrigation Revenue	98,309	883 1c	99,192	108,369 18c	207,561
Availability Billing	489,665	(3,905) 2	485,760	518,553 19	1,004,313
Misc. Other Revenue	30,193	4 3	30,197	32,914 20	63,111
<u>TOTAL OPERATING REVENUE</u>	1,076,462	(2,885)	1,073,577	1,182,299	2,255,876
<u>OPERATION AND MAINTENANCE EXPENSES</u>					
Operation and Maintenance Expenses	848,818	(31,228) 4	817,590	116,056 21	933,646
<u>TOTAL OPERATION AND MAINTENANCE EXPENSES</u>	848,818	(31,228)	817,590	116,056	933,646
Depreciation and Amortization Expense	73,072	9,488 5	82,560	0	82,560
Amortization of Rate Case Expenses	92,420	28,512 6	120,932	0	120,932
Taxes Other than Income Tax Expense	23,440	191,271 7	214,711	10,128 22	224,839
Income Tax Expense	0	0 8	0	280,167 23	280,167
<u>TOTAL OPERATING EXPENSES</u>	1,037,750	198,043	1,235,793	406,351	1,642,143
<u>NET OPERATING INCOME</u>	38,712	(200,928)	(162,216)	775,948	613,733
Add: Customer Growth	0	0 9	0	2,136 24	2,136
<u>NET INCOME (LOSS) FOR RETURN</u>	38,712	(200,928)	(162,216)	778,084	615,869
<u>ORIGINAL COST RATE BASE:</u>					
Gross Plant in Service	7,964,379	(699,361) 10	7,265,018	0	7,265,018
Accumulated Depreciation	(790,024)	(180,067) 11	(970,091)	0	(970,091)
Construction Work In Progress (CWIP)	254,853	(254,853) 12	0	0	0
Contributions in Aid of Construction	(660,295)	0 13	(660,295)	0	(660,295)
Accumulated Amortization of CIAC	69,269	213 14	69,482	0	69,482
Net Plant	6,838,182	(1,134,068)	5,704,114	0	5,704,114
Working Capital	75,842	87,676 15	163,518	0	163,518
Unamortized Balances	0	0 16	0	0	0
<u>TOTAL RATE BASE</u>	6,914,024	(1,046,392)	5,867,632	0	5,867,632
<u>RETURN ON RATE BASE</u>	0.56%		-2.76%		10.50%
<u>OPERATING MARGIN</u>	-12.90%		-28.41%		20.97%
<u>INTEREST EXPENSE</u>	177,526	(34,743) 17	142,783	0	142,783

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Operating Experience, Rate Base, and Rates of Return
For the Test Year Ended December 31, 2014
Water Operations

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) DIUC Rehearing Proposed Increase \$	(5) After Proposed Increase \$
<u>OPERATING REVENUE</u>					
Water Residential	139,071	491 1a	139,562	173,488 18a	313,050
Water Commercial	72,479	432 1b	72,911	58,633 18b	131,544
Water Irrigation	98,309	883 1c	99,192	108,369 18c	207,561
Availability Billing	213,004	(1,926) 2	211,078	227,804 19	438,882
Misc. Other Revenue	20,444	(715) 3	19,729	22,159 20	41,888
<u>TOTAL OPERATING REVENUE</u>	543,307	(835)	542,472	590,453	1,132,925
<u>WATER OPERATION AND MAINTENANCE EXPENSES</u>					
Operation and Maintenance Expense	469,605	(23,034) 4	446,571	58,409 21	504,980
<u>TOTAL OPERATING AND MAINTENANCE EXPENSES</u>	469,605	(23,034)	446,571	58,409	504,980
Depreciation and Amortization Expense	36,921	5,107 5	42,028	0	42,028
Amortization of Rate Case Expenses	46,210	14,256 6	60,466	0	60,466
Taxes Other than Income Tax Expense	11,748	91,473 7	103,221	5,058 22	108,279
Income Tax Expense	0	0 8	0	131,541 23	131,541
<u>TOTAL OPERATING EXPENSES</u>	564,484	87,802	652,286	195,008	847,294
<u>NET OPERATING INCOME</u>	(21,177)	(88,637)	(109,814)	395,445	285,631
Add: Customer Growth	0	0 9	0	529 24	529
<u>NET INCOME (LOSS) FOR RETURN</u>	(21,177)	(88,637)	(109,814)	395,974	286,160
<u>ORIGINAL COST RATE BASE:</u>					
Gross Plant in Service	3,899,032	(427,689) 10	3,471,343	0	3,471,343
Accumulated Depreciation	(382,950)	(119,596) 11	(502,546)	0	(502,546)
Construction Work In Progress (CWIP)	29,511	(29,511) 12	0	0	0
Contributions in Aid of Construction	(458,500)	0 13	(458,500)	0	(458,500)
Accumulated Amortization of CIAC	51,580	39 14	51,619	0	51,619
Net Plant	3,138,673	(576,757)	2,561,916	0	2,561,916
Working Capital	0	89,314 15	89,314	0	89,314
Unamortized Balances	0	0 16	0	0	0
<u>TOTAL RATE BASE</u>	3,138,673	(487,443)	2,651,230	0	2,651,230
<u>RETURN ON RATE BASE</u>	-0.67%		-4.14%		10.79%
<u>OPERATING MARGIN</u>	-20.24%		-32.14%		19.56%
<u>INTEREST EXPENSE</u>	88,763	(24,248) 17	64,515	0	64,515

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Operating Experience, Rate Base, and Rates of Return
For the Test Year Ended December 31, 2014
Sewer Operations

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) DIUC Rehearing Proposed Increase \$	(5) After Proposed Increase \$
<u>OPERATING REVENUE</u>					
Sewer Residential	168,168	4,422 1a	172,590	209,894 18a	382,484
Sewer Commercial	78,577	(5,212) 1b	73,365	80,448 18b	153,813
Sewer Irrigation	0	0 1c	0	0 18c	0
Availability Billing	276,661	(1,979) 2	274,682	290,749 19	565,431
Misc. Other Revenue	9,749	719 3	10,468	10,755 20	21,223
<u>TOTAL OPERATING REVENUE</u>	533,155	(2,050)	531,105	591,846	1,122,951
<u>SEWER OPERATION AND MAINTENANCE EXPENSES</u>					
Operation and Maintenance Expense	379,213	(8,194) 4	371,019	57,647 21	428,666
<u>TOTAL OPERATING AND MAINTENANCE EXPENSES</u>	379,213	(8,194)	371,019	57,647	428,666
Depreciation and Amortization Expense	36,151	4,381 5	40,532	0	40,532
Amortization of Rate Case Expenses	46,210	14,256 6	60,466	0	60,466
Taxes Other than Income Tax Expense	11,692	99,798 7	111,490	5,070 22	116,560
Income Tax Expense	0	0 8	0	148,625 23	148,625
<u>TOTAL OPERATING EXPENSES</u>	473,266	110,241	583,507	211,342	794,849
<u>NET OPERATING INCOME</u>	59,889	(112,291)	(52,402)	380,504	328,102
Add: Customer Growth	0	0 9	0	1,607 24	1,607
<u>NET INCOME (LOSS) FOR RETURN</u>	59,889	(112,291)	(52,402)	382,111	329,709
<u>ORIGINAL COST RATE BASE:</u>					
Gross Plant in Service	4,065,347	(271,672) 10	3,793,675	0	3,793,675
Accumulated Depreciation	(407,074)	(60,471) 11	(467,545)	0	(467,545)
Construction Work In Progress (CWIP)	225,342	(225,342) 12	0	0	0
Contributions in Aid of Construction	(201,795)	0 13	(201,795)	0	(201,795)
Accumulated Amortization of CIAC	17,689	174 14	17,863	0	17,863
Net Plant	3,699,509	(557,311)	3,142,198	0	3,142,198
Working Capital	75,842	(1,638) 15	74,204	0	74,204
Unamortized Balances	0	0 16	0	0	0
<u>TOTAL RATE BASE</u>	3,775,351	(558,949)	3,216,402	0	3,216,402
<u>RETURN ON RATE BASE</u>	1.59%		-1.63%		10.25%
<u>OPERATING MARGIN</u>	-5.42%		-24.60%		22.39%
<u>INTEREST EXPENSE</u>	88,763	(10,495) 17	78,268	0	78,268

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
<u>Accounting and Pro forma Adjustments</u>						
(1) <u>Service Revenues</u>						
Residential	(1a)	1a	ORS and the Company propose to adjust residential revenue to reflect the pro forma number of customers at present rates.			
			Per ORS	4,913	491	4,422
			Per DIUC	4,913	491	4,422
Commercial	(1c)	1b	ORS and the Company propose to adjust commercial revenue to reflect the pro forma number of customers at present rates.			
			Per ORS	(4,780)	432	(5,212)
			Per DIUC	(4,780)	432	(5,212)
Irrigation	(1c)	1c	ORS and the Company propose to adjust irrigation revenue to reflect the pro forma demand at present rates.			
			Per ORS	883	883	0
			Per DIUC	883	883	0
(1) <u>Total Service Revenues</u>				<u>1,016</u>	<u>1,806</u>	<u>(790)</u>
(2) <u>Availability Billing Revenue</u>						
Availability Billing	(1g)	2	ORS and the Company propose to adjust availability revenue to reflect the pro forma number of customers at present rates.			
			Per ORS	(3,905)	(1,926)	(1,979)
			Per DIUC	(3,905)	(1,926)	(1,979)
(2) <u>Total Availability Billing Revenue</u>				<u>(3,905)</u>	<u>(1,926)</u>	<u>(1,979)</u>
(3) <u>Miscellaneous Other Revenue</u>						
Miscellaneous Other Revenue	(1g, 1i)	3	ORS and the Company propose to adjust miscellaneous revenues to reflect the pro forma number of customers at present rates.			
			Per ORS	4	(715)	719
			Per DIUC	4	(715)	719
(3) <u>Total Miscellaneous Other Revenue</u>				<u>4</u>	<u>(715)</u>	<u>719</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC ORS			\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
(4) <u>Operation & Maintenance Expenses</u>						
Wages	(2)	4a	ORS and the Company propose to annualize salary expense.			
			Per ORS	19,988	9,994	9,994
			Per DIUC	19,988	9,994	9,994
Benefits	(3)	4b	ORS and the Company propose to annualize employee benefits.			
			Per ORS	(2,780)	(1,390)	(1,390)
			Per DIUC	(2,780)	(1,390)	(1,390)
Officer & Director Fees	(4)	4c	ORS and the Company do not propose to adjust Directors' Fees to reflect annual Officer's fees of \$12,000 and Directors' fees of \$4,500. These fees were already included in the per book amounts.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
Power	(5)	4d	ORS and the Company propose to adjust for the most recent 12 months of power expenses.			
			Per ORS	14,744	7,372	7,372
			Per DIUC	14,744	7,372	7,372
Chemicals	(6)	4e	ORS and the Company do not propose to adjust for increased demand.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
Supplies & Maintenance	(7)	4f	ORS and the Company propose to adjust supplies and maintenance for undocumented expense. ORS and the Company do not propose to adjust for an increase in customers in this adjustment.			
			Per ORS	(21)	(21)	0
			Per DIUC	(21)	(21)	0
Outside Services - Mgmt.	(8)	4g	ORS proposes to adjust outside management services to reflect the PSC approved amount in Docket No. 2011-229-WS.			
			Per ORS	(25,439)	(12,720)	(12,719)
			Per DIUC	13,714	6,857	6,857

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC ORS			\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
Outside Services - Engineering	(9)	4h	ORS and the Company do not propose to adjust outside services-engineering to reflect a 4-year average cost.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
Transportation	(10)	4i	ORS and the Company do not propose to adjust transportation cost for an increase in employees.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
Bad Debt	(11)	4j	ORS proposes to adjust bad debt expense to reflect test period revenue write-off percentages applied to ORS pro forma revenue under present rates. ORS adjustment amount agrees to Audit Exhibit ICG-4.			
			Per ORS	(284)	(36)	(248)
			Per DIUC	2,681	1,446	1,235
Insurance	(12)	4k	ORS and the Company propose to adjust insurance to reflect the most recent actual bills.			
			Per ORS	8,706	1,258	7,448
			Per DIUC	8,706	1,258	7,448
Regulatory Expense (DHEC)	(13)	4l	ORS and the Company propose to adjust regulatory expense to reflect the most recent DHEC drinking water bills and land permits.			
			Per ORS	(109)	2,645	(2,754)
			Per DIUC	(109)	2,645	(2,754)
Nonallowable Expense		4m	ORS and the Company propose to remove nonallowable expenses for ratemaking purposes. Additionally, test year Rate Case expenses were removed and amortized in adjustment 6a.			
			Per ORS	(46,033)	(30,136)	(15,897)
			Per DIUC	(46,033)	(30,136)	(15,897)
(4) Total Operation & Maintenance Expenses				<u>(31,228)</u>	<u>(23,034)</u>	<u>(8,194)</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description		DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
		Adj.	Adj.				
(5) <u>Depreciation Expense and Amortization of Contributions In Aid of Construction ("CIAC")</u>							
Depreciation Expense	(14)	5a	To adjust annual depreciation for pro forma plant in service. See Rehearing Audit Exhibit DFS-5.				
			Per ORS		9,394	5,134	4,260
			Per DIUC		28,367	9,525	18,842
Amortization of CIAC	(14)	5b	To adjust for amortization of CIAC. See Rehearing Audit Exhibit DFS-5.				
			Per ORS		94	(27)	121
			Per DIUC		(5,899)	(4,326)	(1,573)
(5) <u>Total Depreciation Expense and Amortization of CIAC</u>					9,488	5,107	4,381
(6) <u>Amortization Expense</u>							
Rate Case Amortization Expense	(15)	6a	To adjust for the 5-year amortization of rate case expenses and include unamortized rate case expenses from the previous rate case.				
			Per ORS		(37,344)	(18,672)	(18,672)
			Per DIUC		192,576	96,288	96,288
Property Tax Amortization Expense	(15)	6b	ORS and the Company propose to adjust for property tax amortization over 8 years.				
			Per ORS		65,856	32,928	32,928
			Per DIUC		65,856	32,928	32,928
(6) <u>Total Amortization Expense</u>					28,512	14,256	14,256
(7) <u>Taxes Other Than Income Tax Expense</u>							
Revenue Taxes	(16)	7a	ORS and the Company propose to reflect gross receipts on ORS's pro forma revenue under present rates.				
			Per ORS		3,148	1,595	1,553
			Per DIUC		3,148	1,595	1,553
Property Taxes	(17)	7b	ORS and the Company propose to adjust property taxes to reflect actual tax bills for property owned by DIUC.				
			Per ORS		188,093	89,863	98,230
			Per DIUC		188,093	89,863	98,230

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
Payroll Taxes	(18)	7c	ORS and the Company propose to adjust payroll taxes to reflect pro forma wages.			
			Per ORS	30	15	15
			Per DIUC	30	15	15
(7) <u>Total Taxes Other Than Income Tax Expense</u>				<u>191,271</u>	<u>91,473</u>	<u>99,798</u>
(8) <u>Income Tax Expense</u>						
Income Taxes - State and Federal	(19)	8	ORS and the Company do not propose to adjust for State and Federal Income Taxes after accounting and pro forma adjustments. See Rehearing Audit Exhibit DFS-6.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(8) <u>Total Income Tax Expense</u>				<u>0</u>	<u>0</u>	<u>0</u>
(9) <u>Customer Growth</u>						
		9	ORS and the Company do not propose to adjust for customer growth after the accounting and pro forma adjustments.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(9) <u>Total Customer Growth</u>				<u>0</u>	<u>0</u>	<u>0</u>
<u>Rate Base (RB)</u>						
(10) <u>Plant in Service</u>						
Plant in Service	RB1	10	To include the elevated water storage tank and well located on the elevated tank site and reflect all other adjustments to plant in service as included on Audit Exhibit ICG-5. See Rehearing Audit Exhibit DFS-5.			
			Per ORS	(699,361)	(427,689)	(271,672)
			Per DIUC	174,882	50,925	123,957
(10) <u>Total Plant in Service</u>				<u>(699,361)</u>	<u>(427,689)</u>	<u>(271,672)</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
(11) <u>Accumulated Depreciation</u>						
Accumulated Depreciation	RB2	11	To adjust accumulated depreciation to include the elevated water storage tank and well located on the elevated tank site and reflect all other adjustments to plant in service as included on Audit Exhibit ICG-5.			
			Per ORS	(180,067)	(119,596)	(60,471)
			Per DIUC	12,170	(46,446)	58,616
(11) <u>Total Accumulated Depreciation</u>				<u>(180,067)</u>	<u>(119,596)</u>	<u>(60,471)</u>
(12) <u>Construction Work in Progress (CWIP)</u>						
Construction Work in Progress(CWIP)	RB3	12	ORS and the Company propose to adjust CWIP to move completed projects to plant in service.			
			Per ORS	(254,853)	(29,511)	(225,342)
			Per DIUC	(254,853)	(29,511)	(225,342)
(12) <u>Total CWIP</u>				<u>(254,853)</u>	<u>(29,511)</u>	<u>(225,342)</u>
(13) <u>CIAC</u>						
Contributions in Aid of Construction (CIAC)	RB4	13	ORS and the Company do not propose to adjust CIAC for customer growth.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(13) <u>Total CIAC</u>				<u>0</u>	<u>0</u>	<u>0</u>
(14) <u>Accumulated Amortization of CIAC</u>						
Accumulated Amortization of CIAC	RB5	14	To include amortization expense in accumulated CIAC.			
			Per ORS	213	39	174
			Per DIUC	6,073	4,326	1,747
(14) <u>Total Accumulated Amortization of CIAC</u>				<u>213</u>	<u>39</u>	<u>174</u>

Daufuskie Island Utility Company, Inc.
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Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
(15) <u>Cash Working Capital</u>						
Cash Working Capital (1/5 O&M)	RB6	15	To adjust cash working capital after ORS accounting and pro forma adjustments. See Rehearing Audit Exhibit DFS-7.			
			Per ORS	87,676	89,314	(1,638)
			Per DIUC	198,787	106,878	91,909
(15) <u>Total Cash Working Capital</u>				<u>87,676</u>	<u>89,314</u>	<u>(1,638)</u>
(16) <u>Unamortized Balances</u>						
Unamortized Balances	RB7	16	ORS and the Company do not propose to include the unamortized balance of rate case expense in rate base.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(16) <u>Total Unamortized Balances</u>				<u>0</u>	<u>0</u>	<u>0</u>
(17) <u>Interest Expense</u>						
Interest Expense		17	To adjust the interest expense on long-term debt for accounting and pro forma adjustments.			
			Per ORS	(34,743)	(24,248)	(10,495)
			Per DIUC	38,009	10,885	27,124
(17) <u>Total Interest Expense</u>				<u>(34,743)</u>	<u>(24,248)</u>	<u>(10,495)</u>
<u>DIUC Rehearing Proposed Increase</u>						
(18) <u>Service Revenues</u>						
Residential	(1b)	18a	To adjust residential revenue to reflect the pro forma number of customers at DIUC proposed rehearing rates.			
			Per ORS	383,382	173,488	209,894
			Per DIUC	383,382	173,488	209,894
Commercial	(1d)	18b	To adjust commercial revenue to reflect the pro forma number of customers at DIUC proposed rehearing rates.			
			Per ORS	139,081	58,633	80,448
			Per DIUC	139,081	58,633	80,448

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC ORS Adj.	Adj.		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Irrigation	(1f)	18c	To adjust irrigation revenue to reflect the pro forma number of customers at DIUC proposed rehearing rates.			
			Per ORS	108,369	108,369	0
			Per DIUC	108,369	108,369	0
(18) Total Service Revenues				<u>630,832</u>	<u>340,490</u>	<u>290,342</u>
(19) Availability Billing Revenue						
Availability Billing	(1f, 1h)	19	To adjust availability revenue to reflect the pro forma number of customers at DIUC proposed rehearing rates.			
			Per ORS	518,553	227,804	290,749
			Per DIUC	518,553	227,804	290,749
(19) Total Availability Billing Revenue				<u>518,553</u>	<u>227,804</u>	<u>290,749</u>
(20) Miscellaneous Other Revenue						
Miscellaneous Other Revenue	(1h, 1j)	20	To adjust miscellaneous revenues to reflect pro forma number of customers at DIUC proposed rehearing rates.			
			Per ORS	32,914	22,159	10,755
			Per DIUC	32,914	22,159	10,755
(20) Total Miscellaneous Other Revenue				<u>32,914</u>	<u>22,159</u>	<u>10,755</u>
(21) Operating Expenses						
Bad Debt	(20)	21	To adjust bad debt expense for DIUC proposed rehearing proposed revenues using the methodology and percentages to calculate the adjustment on Audit Exhibit ICG-4.			
			Per ORS	116,056	58,409	57,647
			Per DIUC	134,233	66,765	67,468
(21) Total Operating Expenses				<u>116,056</u>	<u>58,409</u>	<u>57,647</u>
(22) Taxes Other than Income Taxes						
Revenue Taxes	(21)	22	To adjust gross receipts to reflect DIUC rehearing proposed revenue.			
			Per ORS	10,128	5,058	5,070
			Per DIUC	11,557	5,722	5,835
(22) Total Taxes Other than Income Taxes				<u>10,128</u>	<u>5,058</u>	<u>5,070</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC ORS		\$	\$	\$
	Adj.	Adj.	Combined Operations	Water Operations	Sewer Operations
(23) <u>Income Tax Expense</u>					
State and Federal Income Taxes	(22)	23	To adjust State and Federal income taxes for the DIUC rehearing proposed increase. See Rehearing Audit Exhibit DFS-6.		
			Per ORS	280,167	131,541
			Per DIUC	<u>201,667</u>	<u>93,236</u>
(23) <u>Total Income Tax Expense</u>			<u>280,167</u>	<u>131,541</u>	<u>148,625</u>
(24) <u>Customer Growth</u>					
		24	To adjust for customer growth for the DIUC rehearing proposed increase. ORS used the growth factors of 0.18519% for water and 0.48985% for sewer as was done on Audit Exhibit ICG-4.		
			Per ORS	2,136	529
			Per DIUC	<u>0</u>	<u>0</u>
(24) <u>Total Customer Growth</u>			<u>2,136</u>	<u>529</u>	<u>1,607</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Computation of Depreciation and Amortization Expense
For the Test Year Ended December 31, 2014

Depreciation Expense Adjustment

Description	Plant Balance 12/31/14	ORS Adjustment	Water Total	Service life	Dep. Rate	Utilization Factor	2014 Depr. Expense	Less: Per Books	ORS Adjustment
Organizational Costs	\$ 73,597	\$ (73,597)	\$ -						
Land & Land Rights	\$ 56,702	\$ (56,702)	\$ -						
General Plant			\$ 17,547	6	16.67%	100.00%	\$ 2,925		
General Plant			\$ 597	15	6.67%	100.00%	\$ 40		
General Plant			\$ 5,143	16	6.25%	100.00%	\$ 321		
General Plant			\$ 22,175	40	2.50%	100.00%	\$ 554		
Total General Plant	\$ 59,599	\$ (14,137)	\$ 45,462						
Other Intangible Plant	\$ 404	\$ -	\$ 404	10	10.00%	100.00%	\$ 40		
Meters	\$ 8,786	\$ 1,718	\$ 10,504	20	5.00%	45.28%	\$ 238		
Pumping	\$ 61,307	\$ (24,605)	\$ 36,702	20	5.00%	45.28%	\$ 831		
Reservoirs & Standpipes	\$ 907,325	\$ (9,246)	\$ 898,079	37	2.70%	45.28%	\$ 10,980		
Storage	\$ 81,907	\$ (75,907)	\$ 6,000	37	2.70%	45.28%	\$ 73		
Treatment			\$ 4,816	30	3.33%	45.28%	\$ 73		
Treatment			\$ 234,776	32	3.13%	45.28%	\$ 3,327		
Total Treatment	\$ 321,643	\$ (82,051)	\$ 239,592						
Water & Sewer Mains	\$ 1,509,687	\$ (91,176)	\$ 1,418,511	45	2.22%	45.28%	\$ 14,259		
Wells	\$ 794,864	\$ -	\$ 794,864	30	3.33%	45.28%	\$ 11,985		
Well Site	\$ 23,211	\$ (1,986)	\$ 21,225	18	5.56%	45.28%	\$ 534		
Total	\$ 3,899,032	\$ (427,689)	\$ 3,471,343				\$ 46,180	41,046	5,134

Description	Plant Balance 12/31/14	ORS Adjustment	Wastewater Total	Service life	Dep. Rate	Utilization Factor	2014 Depr. Expense	Less: Per Books	ORS Adjustment
Organizational Costs	\$ 73,597	\$ (73,597)	\$ -						
Land & Land Rights	\$ 63,710	\$ (63,710)	\$ -						
General Plant			\$ 17,547	6	16.67%	100.00%	\$ 2,925		
General Plant			\$ 597	15	6.67%	100.00%	\$ 40		
General Plant			\$ 4,780	16	6.25%	100.00%	\$ 299		
General Plant			\$ 4,592	18	5.56%	100.00%	\$ 255		
General Plant			\$ 22,175	40	2.50%	100.00%	\$ 554		
Total General Plant	\$ 54,868	\$ (5,177)	\$ 49,691						
Other Intangible Plant	\$ 204	\$ -	\$ 204	10	10.00%	100.00%	\$ 20		
Power Generation Equipment	\$ 4,632	\$ 4,514	\$ 9,146	20	5.00%	33.88%	\$ 155		
Pumping			\$ 85,323	18	5.56%	33.88%	\$ 1,607		
Pumping			\$ 53,027	25	4.00%	33.88%	\$ 719		
Total Pumping	\$ 158,189	\$ (19,839)	\$ 138,350						
T&D Equipment			\$ 29,163	15	6.67%	33.88%	\$ 659		
T&D Equipment			\$ 4,114	18	5.56%	33.88%	\$ 77		
T&D Equipment			\$ 380,128	32	3.13%	33.88%	\$ 4,031		
Total T&D Equipment	\$ 417,412	\$ (4,007)	\$ 413,405						
Treatment			\$ 3,600	15	6.67%	33.88%	\$ 81		
Treatment			\$ 91,380	18	5.56%	33.88%	\$ 1,721		
Treatment			\$ 121,491	32	3.13%	33.88%	\$ 1,288		
Total Treatment	\$ 289,565	\$ (73,094)	\$ 216,471						
Water & Sewer Mains	\$ 2,118,279	\$ (36,762)	\$ 2,081,517	45	2.22%	33.88%	\$ 15,656		
Outfall Main	\$ 66,704	\$ -	\$ 66,704	30	3.33%	33.88%	\$ 753		
WW Treatment Plant	\$ 818,187	\$ -	\$ 818,187	32	3.13%	33.88%	\$ 8,676		
Total	\$ 4,065,347	\$ (271,672)	\$ 3,793,675				\$ 39,516	35,256	4,260
Total Water/Wastewater	\$ 7,964,379	\$ (699,361)	\$ 7,265,018				\$ 85,696	\$ 76,302	\$ 9,394

Amortization of CIAC

Description	Per Books	Adjustment	W/W Total	Service life	Dep. Rate	Utilization Factor	2014 Amort. Expense	Less: Per Books	ORS Adjustment
Water - CIAC @12/31/2014	\$ (458,500)	\$ -	\$ (458,500)	50	2.00%	45.28%	(4,152)	(4,125)	(27)
Wastewater - CIAC @ 12/31/2014	\$ (201,795)	\$ -	\$ (201,795)	50	2.00%	33.88%	(1,367)	(1,488)	121
Total Water/Wastewater CIAC	\$ (660,295)	\$ -	\$ (660,295)				\$ (5,519)	\$ (5,613)	\$ 94

- Reservoirs & Standpipes water total per Audit Exhibit ICG-5 was \$34,700. Water total of \$898,079 above with inclusion of elevated storage tank of \$863,379
- Wells water total per Audit Exhibit ICG-5 was \$732,908. Water total of \$794,864 above with inclusion of elevated tank site well of \$61,956.

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Computation of Income Taxes
For the Test Year Ended December 31, 2014

After Accounting & Pro Forma Adjustments			
Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	1,073,577	542,472	531,105
Operating Expenses	1,235,793	652,286	583,507
Net Operating Income Before Taxes	(162,216)	(109,814)	(52,402)
Less: Annualized Interest Expense	142,783	64,515	78,268
Taxable Income - State	(304,999)	(174,329)	(130,670)
State Taxable Income	5%	5%	5%
State Income Taxes (Note)	(15,250)	(8,716)	(6,534)
Less: State Income Taxes Per Book	0	0	0
Adjustment to State Income Taxes	0	0	0
Taxable Income - Federal (Note)	(289,749)	(165,612)	(124,137)
Federal Income Tax @ 34%	(98,515)	(56,308)	(42,206)
Less: Federal Income Taxes Per Book	0	0	0
Adjustment to Federal Income Taxes	0	0	0
Total Adjustment to Income Taxes (Note)	0	0	0
After DIUC Rehearing Proposed Increase			
Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	2,255,876	1,132,925	1,122,951
Operating Expenses	1,361,977	715,753	646,224
Net Operating Income Before Taxes	893,899	417,172	476,727
Less: Annualized Interest Expense	142,783	64,515	78,268
Taxable Income - State	751,116	352,657	398,459
State Taxable Income	5%	5%	5%
State Income Taxes	37,556	17,633	19,923
Less: State Income Taxes Per Book	0	0	0
Adjustment to State Income Taxes	37,556	17,633	19,923
Taxable Income - Federal	713,560	335,024	378,536
Federal Income Tax @ 34%	242,611	113,908	128,702
Less: Federal Income Taxes Per Book	0	0	0
Adjustment to Federal Income Taxes	242,611	113,908	128,702
Total Adjustment to Income Taxes	280,167	131,541	148,625

Note: Taxable income is based on the calculation of net operating income before taxes less annualized interest expense. Since this amount is negative after accounting and pro forma adjustments, there are no income taxes as shown on Rehearing Audit Exhibits DFS-1, DFS-2 and DFS-3, Column 3.

Rehearing Audit Exhibit DFS-7

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Cash Working Capital Allowance
For the Test Year Ended December 31, 2014

After Accounting & Pro Forma Adjustments

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Total Expenses for Computation	817,590	446,571	371,019
Allowable Rate (1/5 O&M)	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>
Computed Cash Working Capital	163,518	89,314	74,204
Cash Working Capital - Application Per Books	<u>75,842</u>	<u>0</u>	<u>75,842</u>
Cash Working Capital Adjustment - ORS Accounting & Pro Forma Adjustment	<u>87,676</u>	<u>89,314</u>	<u>(1,638)</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Return on Equity
For the Test Year Ended December 31, 2014

Combined Operations

Description	Capital Structure Ratio		Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After DIUC Rehearing Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 2,750,000	46.0%	\$ 3,180,451	5.29%	2.43%	\$ 168,246	\$ 2,699,111	5.29%	2.43%	\$ 142,783	\$ 2,699,111	5.29%	2.43%	\$ 142,783
Common Equity	5,358,573	54.0%	3,733,573	-3.47%	-1.87%	(129,534)	3,168,521	-9.63%	-5.20%	(304,999)	3,168,521	14.93%	8.06%	473,086
Totals	\$ 8,108,573	100.00%	\$ 6,914,024		0.56%	\$ 38,712	\$ 5,867,632		-2.77%	\$ (162,216)	\$ 5,867,632		10.49%	\$ 615,869

Water Operations

Description	Capital Structure Ratio		Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After DIUC Rehearing Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 2,750,000	46.0%	\$ 1,443,790	5.29%	2.43%	\$ 76,376	\$ 1,219,566	5.29%	2.43%	\$ 64,515	\$ 1,219,566	5.29%	2.43%	\$ 64,515
Common Equity	5,358,573	54.0%	1,694,883	-5.76%	-3.10%	(97,553)	1,431,664	-12.18%	-6.58%	(174,329)	1,431,664	15.48%	8.36%	221,645
Totals	\$ 8,108,573	100.00%	\$ 3,138,673		-0.67%	\$ (21,177)	\$ 2,651,230		-4.15%	\$ (109,814)	\$ 2,651,230		10.79%	\$ 286,160

Sewer Operations

Description	Capital Structure Ratio		Application Per Books (Note 1)				After Accounting and Pro forma Adjustments				After DIUC Rehearing Proposed Increase			
			Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return	Rate Base	Embedded Cost/Return	Overall Cost/Return	Income For Return
Long-Term Debt	\$ 2,750,000	46.0%	\$ 1,736,661	5.29%	2.43%	\$ 91,869	\$ 1,479,545	5.29%	2.43%	\$ 78,268	\$ 1,479,545	5.29%	2.43%	\$ 78,268
Common Equity	5,358,573	54.0%	2,038,690	-1.57%	-0.84%	(31,980)	1,736,857	-7.52%	-4.06%	(130,670)	1,736,857	14.48%	7.82%	251,441
Totals	\$ 8,108,573	100.00%	\$ 3,775,351		1.59%	\$ 59,889	\$ 3,216,402		-1.63%	\$ (52,402)	\$ 3,216,402		10.25%	\$ 329,709

Note 1: The interest expense calculations reflect ORS's capital structure ratios and cost of debt applied to the Company's per book numbers.

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Operating Experience, Rate Base, and Rates of Return
For the Test Year Ended December 31, 2014
Combined Operations

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) 9.28% ROE Rehearing Increase \$	(5) After Proposed Increase \$
<u>OPERATING REVENUE</u>					
Residential revenue	307,239	4,913 1a	312,152	202,581 18a	514,733
Commercial Revenue	151,056	(4,780) 1b	146,276	95,050 18b	241,326
Irrigation Revenue	98,309	883 1c	99,192	101,988 18c	201,180
Availability Billing	489,665	(3,905) 2	485,760	447,866 19	933,626
Misc. Other Revenue	30,193	4 3	30,197	16,432 20	46,629
<u>TOTAL OPERATING REVENUE</u>	1,076,462	(2,885)	1,073,577	863,917	1,937,494
<u>OPERATION AND MAINTENANCE EXPENSES</u>					
Operation and Maintenance Expenses	848,818	(31,228) 4	817,590	84,803 21	902,393
<u>TOTAL OPERATION AND MAINTENANCE EXPENSES</u>	848,818	(31,228)	817,590	84,803	902,393
Depreciation and Amortization Expense	73,072	9,488 5	82,560	0	82,560
Amortization of Rate Case Expenses	92,420	28,512 6	120,932	0	120,932
Taxes Other than Income Tax Expense	23,440	191,271 7	214,711	7,400 22	222,111
Income Tax Expense	0	0 8	0	174,084 23	174,084
<u>TOTAL OPERATING EXPENSES</u>	1,037,750	198,043	1,235,793	266,287	1,502,080
<u>NET OPERATING INCOME</u>	38,712	(200,928)	(162,216)	597,630	435,414
Add: Customer Growth	0	0 9	0	1,498 24	1,498
<u>NET INCOME (LOSS) FOR RETURN</u>	38,712	(200,928)	(162,216)	599,128	436,912
<u>ORIGINAL COST RATE BASE:</u>					
Gross Plant in Service	7,964,379	(699,361) 10	7,265,018	0	7,265,018
Accumulated Depreciation	(790,024)	(180,067) 11	(970,091)	0	(970,091)
Construction Work In Progress (CWIP)	254,853	(254,853) 12	0	0	0
Contributions in Aid of Construction	(660,295)	0 13	(660,295)	0	(660,295)
Accumulated Amortization of CIAC	69,269	213 14	69,482	0	69,482
Net Plant	6,838,182	(1,134,068)	5,704,114	0	5,704,114
Working Capital	75,842	87,676 15	163,518	0	163,518
Unamortized Balances	0	0 16	0	0	0
<u>TOTAL RATE BASE</u>	6,914,024	(1,046,392)	5,867,632	0	5,867,632
<u>RETURN ON RATE BASE</u>	0.56%		-2.76%		7.45%
<u>OPERATING MARGIN</u>	-12.90%		-28.41%		15.18%
<u>INTEREST EXPENSE</u>	177,526	(34,743) 17	142,783	0	142,783

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Operating Experience, Rate Base, and Rates of Return
For the Test Year Ended December 31, 2014
Water Operations

Rehearing Audit Exhibit DFS-9
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<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) 9.28% ROE Rehearing Increase \$	(5) After Proposed Increase \$
<u>OPERATING REVENUE</u>					
Water Residential	139,071	491 1a	139,562	101,772 18a	241,334
Water Commercial	72,479	432 1b	72,911	47,029 18b	119,940
Water Irrigation	98,309	883 1c	99,192	101,988 18c	201,180
Availability Billing	213,004	(1,926) 2	211,078	193,989 19	405,067
Misc. Other Revenue	20,444	(715) 3	19,729	7,797 20	27,526
<u>TOTAL OPERATING REVENUE</u>	543,307	(835)	542,472	452,575	995,047
<u>WATER OPERATION AND MAINTENANCE EXPENSES</u>					
Operation and Maintenance Expense	469,605	(23,034) 4	446,571	44,882 21	491,453
<u>TOTAL OPERATING AND MAINTENANCE EXPENSES</u>	469,605	(23,034)	446,571	44,882	491,453
Depreciation and Amortization Expense	36,921	5,107 5	42,028	0	42,028
Amortization of Rate Case Expenses	46,210	14,256 6	60,466	0	60,466
Taxes Other than Income Tax Expense	11,748	91,473 7	103,221	3,877 22	107,098
Income Tax Expense	0	0 8	0	85,599 23	85,599
<u>TOTAL OPERATING EXPENSES</u>	564,484	87,802	652,286	134,358	786,643
<u>NET OPERATING INCOME</u>	(21,177)	(88,637)	(109,814)	318,217	208,404
Add: Customer Growth	0	0 9	0	386 24	386
<u>NET INCOME (LOSS) FOR RETURN</u>	(21,177)	(88,637)	(109,814)	318,603	208,790
<u>ORIGINAL COST RATE BASE:</u>					
Gross Plant in Service	3,899,032	(427,689) 10	3,471,343	0	3,471,343
Accumulated Depreciation	(382,950)	(119,596) 11	(502,546)	0	(502,546)
Construction Work In Progress (CWIP)	29,511	(29,511) 12	0	0	0
Contributions in Aid of Construction	(458,500)	0 13	(458,500)	0	(458,500)
Accumulated Amortization of CIAC	51,580	39 14	51,619	0	51,619
Net Plant	3,138,673	(576,757)	2,561,916	0	2,561,916
Working Capital	0	89,314 15	89,314	0	89,314
Unamortized Balances	0	0 16	0	0	0
<u>TOTAL RATE BASE</u>	3,138,673	(487,443)	2,651,230	0	2,651,230
<u>RETURN ON RATE BASE</u>	-0.67%		-4.14%		7.88%
<u>OPERATING MARGIN</u>	-20.24%		-32.14%		14.50%
<u>INTEREST EXPENSE</u>	88,763	(24,248) 17	64,515	0	64,515

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Operating Experience, Rate Base, and Rates of Return
For the Test Year Ended December 31, 2014
Sewer Operations

Rehearing Audit Exhibit DFS-9
Page 3 of 16

<u>Description</u>	(1) Application Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) After Accounting & Pro Forma Adjustments \$	(4) 9.28% ROE Rehearing Increase \$	(5) After Proposed Increase \$
<u>OPERATING REVENUE</u>					
Sewer Residential	168,168	4,422 1a	172,590	100,809 18a	273,399
Sewer Commercial	78,577	(5,212) 1b	73,365	48,021 18b	121,386
Sewer Irrigation	0	0 1c	0	0 18c	0
Availability Billing	276,661	(1,979) 2	274,682	253,877 19	528,559
Misc. Other Revenue	9,749	719 3	10,468	8,635 20	19,103
<u>TOTAL OPERATING REVENUE</u>	533,155	(2,050)	531,105	411,342	942,447
<u>SEWER OPERATION AND MAINTENANCE EXPENSES</u>					
Operation and Maintenance Expense	379,213	(8,194) 4	371,019	39,921 21	410,940
<u>TOTAL OPERATING AND MAINTENANCE EXPENSES</u>	379,213	(8,194)	371,019	39,921	410,940
Depreciation and Amortization Expense	36,151	4,381 5	40,532	0	40,532
Amortization of Rate Case Expenses	46,210	14,256 6	60,466	0	60,466
Taxes Other than Income Tax Expense	11,692	99,798 7	111,490	3,523 22	115,013
Income Tax Expense	0	0 8	0	88,486 23	88,486
<u>TOTAL OPERATING EXPENSES</u>	473,266	110,241	583,507	131,930	715,437
<u>NET OPERATING INCOME</u>	59,889	(112,291)	(52,402)	279,412	227,010
Add: Customer Growth	0	0 9	0	1,112 24	1,112
<u>NET INCOME (LOSS) FOR RETURN</u>	59,889	(112,291)	(52,402)	280,524	228,122
<u>ORIGINAL COST RATE BASE:</u>					
Gross Plant in Service	4,065,347	(271,672) 10	3,793,675	0	3,793,675
Accumulated Depreciation	(407,074)	(60,471) 11	(467,545)	0	(467,545)
Construction Work In Progress (CWIP)	225,342	(225,342) 12	0	0	0
Contributions in Aid of Construction	(201,795)	0 13	(201,795)	0	(201,795)
Accumulated Amortization of CIAC	17,689	174 14	17,863	0	17,863
Net Plant	3,699,509	(557,311)	3,142,198	0	3,142,198
Working Capital	75,842	(1,638) 15	74,204	0	74,204
Unamortized Balances	0	0 16	0	0	0
<u>TOTAL RATE BASE</u>	3,775,351	(558,949)	3,216,402	0	3,216,402
<u>RETURN ON RATE BASE</u>	1.59%		-1.63%		7.09%
<u>OPERATING MARGIN</u>	-5.42%		-24.60%		15.90%
<u>INTEREST EXPENSE</u>	88,763	(10,495) 17	78,268	0	78,268

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
<u>Accounting and Pro forma Adjustments</u>						
(1) <u>Service Revenues</u>						
Residential	(1a)	1a	ORS and the Company propose to adjust residential revenue to reflect the pro forma number of customers at present rates.			
			Per ORS	4,913	491	4,422
			Per DIUC	4,913	491	4,422
Commercial	(1c)	1b	ORS and the Company propose to adjust commercial revenue to reflect the pro forma number of customers at present rates.			
			Per ORS	(4,780)	432	(5,212)
			Per DIUC	(4,780)	432	(5,212)
Irrigation	(1e)	1c	ORS and the Company propose to adjust irrigation revenue to reflect the pro forma demand at present rates.			
			Per ORS	883	883	0
			Per DIUC	883	883	0
(1) <u>Total Service Revenues</u>				<u>1,016</u>	<u>1,806</u>	<u>(790)</u>
(2) <u>Availability Billing Revenue</u>						
Availability Billing	(1g)	2	ORS and the Company propose to adjust availability revenue to reflect the pro forma number of customers at present rates.			
			Per ORS	(3,905)	(1,926)	(1,979)
			Per DIUC	(3,905)	(1,926)	(1,979)
(2) <u>Total Availability Billing Revenue</u>				<u>(3,905)</u>	<u>(1,926)</u>	<u>(1,979)</u>
(3) <u>Miscellaneous Other Revenue</u>						
Miscellaneous Other Revenue	(1g, 1i)	3	ORS and the Company propose to adjust miscellaneous revenues to reflect the pro forma number of customers at present rates.			
			Per ORS	4	(715)	719
			Per DIUC	4	(715)	719
(3) <u>Total Miscellaneous Other Revenue</u>				<u>4</u>	<u>(715)</u>	<u>719</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC <u>Adj.</u>	ORS <u>Adj.</u>	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
(4) Operation & Maintenance Expenses					
Wages	(2)	4a	ORS and the Company propose to annualize salary expense.		
			Per ORS	19,988	9,994
			Per DIUC	19,988	9,994
Benefits	(3)	4b	ORS and the Company propose to annualize employee benefits.		
			Per ORS	(2,780)	(1,390)
			Per DIUC	(2,780)	(1,390)
Officer & Director Fees	(4)	4c	ORS and the Company do not propose to adjust Directors' Fees to reflect annual Officer's fees of \$12,000 and Directors' fees of \$4,500. These fees were already included in the per book amounts.		
			Per ORS	0	0
			Per DIUC	0	0
Power	(5)	4d	ORS and the Company propose to adjust for the most recent 12 months of power expenses.		
			Per ORS	14,744	7,372
			Per DIUC	14,744	7,372
Chemicals	(6)	4e	ORS and the Company do not propose to adjust for increased demand.		
			Per ORS	0	0
			Per DIUC	0	0
Supplies & Maintenance	(7)	4f	ORS and the Company propose to adjust supplies and maintenance for undocumented expense. ORS and the Company do not propose to adjust for an increase in customers in this adjustment.		
			Per ORS	(21)	(21)
			Per DIUC	(21)	(21)
Outside Services - Mgmt.	(8)	4g	ORS proposes to adjust outside management services to reflect the PSC approved amount in Docket No. 2011-229-WS.		
			Per ORS	(25,439)	(12,720)
			Per DIUC	13,714	6,857

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
Outside Services - Engineering	(9)	4h	ORS and the Company do not propose to adjust outside services-engineering to reflect a 4-year average cost.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
Transportation	(10)	4i	ORS and the Company do not propose to adjust transportation cost for an increase in employees.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
Bad Debt	(11)	4j	ORS proposes to adjust bad debt expense to reflect test period revenue write-off percentages applied to ORS pro forma revenue under present rates. ORS adjustment amount agrees to Audit Exhibit ICG-4.			
			Per ORS	(284)	(36)	(248)
			Per DIUC	2,681	1,446	1,235
Insurance	(12)	4k	ORS and the Company propose to adjust insurance to reflect the most recent actual bills.			
			Per ORS	8,706	1,258	7,448
			Per DIUC	8,706	1,258	7,448
Regulatory Expense (DHEC)	(13)	4l	ORS and the Company propose to adjust regulatory expense to reflect the most recent DHEC drinking water bills and land permits.			
			Per ORS	(109)	2,645	(2,754)
			Per DIUC	(109)	2,645	(2,754)
Nonallowable Expense		4m	ORS and the Company propose to remove nonallowable expenses for ratemaking purposes. Additionally, test year Rate Case expenses were removed and amortized in adjustment 6a.			
			Per ORS	(46,033)	(30,136)	(15,897)
			Per DIUC	(46,033)	(30,136)	(15,897)
(4) <u>Total Operation & Maintenance Expenses</u>				<u>(31,228)</u>	<u>(23,034)</u>	<u>(8,194)</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
(5) <u>Depreciation Expense and Amortization of Contributions In Aid of Construction ("CIAC")</u>						
Depreciation Expense	(14)	5a	To adjust annual depreciation for pro forma plant in service. See Rehearing Audit Exhibit DFS-5.			
			Per ORS	9,394	5,134	4,260
			Per DIUC	28,367	9,525	18,842
Amortization of CIAC	(14)	5b	To adjust for amortization of CIAC. See Rehearing Audit Exhibit DFS-5.			
			Per ORS	94	(27)	121
			Per DIUC	(5,899)	(4,326)	(1,573)
(5) <u>Total Depreciation Expense and Amortization of CIAC</u>				<u>9,488</u>	<u>5,107</u>	<u>4,381</u>
(6) <u>Amortization Expense</u>						
Rate Case Amortization Expense	(15)	6a	To adjust for the 5-year amortization of rate case expenses and include unamortized rate case expenses from the previous rate case.			
			Per ORS	(37,344)	(18,672)	(18,672)
			Per DIUC	192,576	96,288	96,288
Property Tax Amortization Expense	(15)	6b	ORS and the Company propose to adjust for property tax amortization over 8 years.			
			Per ORS	65,856	32,928	32,928
			Per DIUC	65,856	32,928	32,928
(6) <u>Total Amortization Expense</u>				<u>28,512</u>	<u>14,256</u>	<u>14,256</u>
(7) <u>Taxes Other Than Income Tax Expense</u>						
Revenue Taxes	(16)	7a	ORS and the Company propose to reflect gross receipts on ORS's pro forma revenue under present rates.			
			Per ORS	3,148	1,595	1,553
			Per DIUC	3,148	1,595	1,553
Property Taxes	(17)	7b	ORS and the Company propose to adjust property taxes to reflect actual tax bills for property owned by DIUC.			
			Per ORS	188,093	89,863	98,230
			Per DIUC	188,093	89,863	98,230

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC ORS			\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
Payroll Taxes	(18)	7c	ORS and the Company propose to adjust payroll taxes to reflect pro forma wages.			
			Per ORS	30	15	15
			Per DIUC	30	15	15
(7) <u>Total Taxes Other Than Income Tax Expense</u>				<u>191,271</u>	<u>91,473</u>	<u>99,798</u>
(8) <u>Income Tax Expense</u>						
Income Taxes - State and Federal	(19)	8	ORS and the Company do not propose to adjust for State and Federal Income Taxes after accounting and pro forma adjustments. See Rehearing Audit Exhibit DFS-6.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(8) <u>Total Income Tax Expense</u>				<u>0</u>	<u>0</u>	<u>0</u>
(9) <u>Customer Growth</u>		9	ORS and the Company do not propose to adjust for customer growth after the accounting and pro forma adjustments.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(9) <u>Total Customer Growth</u>				<u>0</u>	<u>0</u>	<u>0</u>
Rate Base (RB)						
(10) <u>Plant in Service</u>						
Plant in Service	RB1	10	To include the elevated water storage tank and well located on the elevated tank site and reflect all other adjustments to plant in service as included on Audit Exhibit ICG-5. See Rehearing Audit Exhibit DFS-5.			
			Per ORS	(699,361)	(427,689)	(271,672)
			Per DIUC	174,882	50,925	123,957
(10) <u>Total Plant in Service</u>				<u>(699,361)</u>	<u>(427,689)</u>	<u>(271,672)</u>

Daufuskie Island Utility Company, Inc.
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Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
(11) <u>Accumulated Depreciation</u>						
Accumulated Depreciation	RB2	11	To adjust accumulated depreciation to include the elevated water storage tank and well located on the elevated tank site and reflect all other adjustments to plant in service as included on Audit Exhibit ICG-5.			
			Per ORS	(180,067)	(119,596)	(60,471)
			Per DIUC	<u>12,170</u>	<u>(46,446)</u>	<u>58,616</u>
(11) <u>Total Accumulated Depreciation</u>				<u>(180,067)</u>	<u>(119,596)</u>	<u>(60,471)</u>
(12) <u>Construction Work in Progress (CWIP)</u>						
Construction Work in Progress(CWIP)	RB3	12	ORS and the Company propose to adjust CWIP to move completed projects to plant in service.			
			Per ORS	(254,853)	(29,511)	(225,342)
			Per DIUC	<u>(254,853)</u>	<u>(29,511)</u>	<u>(225,342)</u>
(12) <u>Total CWIP</u>				<u>(254,853)</u>	<u>(29,511)</u>	<u>(225,342)</u>
(13) <u>CIAC</u>						
Contributions in Aid of Construction (CIAC)	RB4	13	ORS and the Company do not propose to adjust CIAC for customer growth.			
			Per ORS	0	0	0
			Per DIUC	<u>0</u>	<u>0</u>	<u>0</u>
(13) <u>Total CIAC</u>				<u>0</u>	<u>0</u>	<u>0</u>
(14) <u>Accumulated Amortization of CIAC</u>						
Accumulated Amortization of CIAC	RB5	14	To include amortization expense in accumulated CIAC.			
			Per ORS	213	39	174
			Per DIUC	<u>6,073</u>	<u>4,326</u>	<u>1,747</u>
(14) <u>Total Accumulated Amortization of CIAC</u>				<u>213</u>	<u>39</u>	<u>174</u>

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Description	DIUC	ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
	Adj.	Adj.				
(15) <u>Cash Working Capital</u>						
Cash Working Capital (1/5 O&M)	RB6	15	To adjust cash working capital after ORS accounting and pro forma adjustments. See Rehearing Audit Exhibit DFS-7.			
			Per ORS	87,676	89,314	(1,638)
			Per DIUC	198,787	106,878	91,909
(15) <u>Total Cash Working Capital</u>				<u>87,676</u>	<u>89,314</u>	<u>(1,638)</u>
(16) <u>Unamortized Balances</u>						
Unamortized Balances	RB7	16	ORS and the Company do not propose to include the unamortized balance of rate case expense in rate base.			
			Per ORS	0	0	0
			Per DIUC	0	0	0
(16) <u>Total Unamortized Balances</u>				<u>0</u>	<u>0</u>	<u>0</u>
(17) <u>Interest Expense</u>						
Interest Expense		17	To adjust the interest expense on long-term debt for accounting and pro forma adjustments.			
			Per ORS	(34,743)	(24,248)	(10,495)
			Per DIUC	38,009	10,885	27,124
(17) <u>Total Interest Expense</u>				<u>(34,743)</u>	<u>(24,248)</u>	<u>(10,495)</u>
<u>DIUC Rehearing Proposed Increase</u>						
(18) <u>Service Revenues</u>						
Residential	(1b)	18a	To adjust residential revenue to reflect the pro forma number of customers and calculate a 9.28% return on equity.			
			Per ORS	202,581	101,772	100,809
			Per DIUC	383,382	173,488	209,894
Commercial	(1d)	18b	To adjust commercial revenue to reflect the pro forma number of customers and calculate a 9.28% return on equity.			
			Per ORS	95,050	47,029	48,021
			Per DIUC	139,081	58,633	80,448

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Description	DIUC ORS Adj. Adj.		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Irrigation	(1f)	18c	To adjust irrigation revenue to reflect the pro forma number of customers and calculate a 9.28% return on equity.		
		Per ORS	101,988	101,988	0
		Per DIUC	108,369	108,369	0
(18) Total Service Revenues			<u>399,619</u>	<u>250,789</u>	<u>148,830</u>
(19) Availability Billing Revenue					
Availability Billing	(1f, 1h)	19	To adjust availability revenue to reflect the pro forma number of customers and calculate a 9.28% return on equity.		
		Per ORS	447,866	193,989	253,877
		Per DIUC	518,553	227,804	290,749
(19) Total Availability Billing Revenue			<u>447,866</u>	<u>193,989</u>	<u>253,877</u>
(20) Miscellaneous Other Revenue					
Miscellaneous Other Revenue	(1h, 1j)	20	To adjust miscellaneous revenues to reflect the pro forma number of customers and calculate a 9.28% return on equity.		
		Per ORS	16,432	7,797	8,635
		Per DIUC	32,914	22,159	10,755
(20) Total Miscellaneous Other Revenue			<u>16,432</u>	<u>7,797</u>	<u>8,635</u>
(21) Operating Expenses					
Bad Debt	(20)	21	To adjust bad debt expense for the revenue necessary to calculate a 9.28% return on equity and using the methodology and percentages to calculate the adjustment on Audit Exhibit ICG-4.		
		Per ORS	84,803	44,882	39,921
		Per DIUC	134,233	66,765	67,468
(21) Total Operating Expenses			<u>84,803</u>	<u>44,882</u>	<u>39,921</u>
(22) Taxes Other than Income Taxes					
Revenue Taxes	(21)	22	To adjust gross receipts to reflect the revenue necessary to calculate a 9.28% return on equity.		
		Per ORS	7,400	3,877	3,523
		Per DIUC	11,557	5,722	5,835
(22) Total Taxes Other than Income Taxes			<u>7,400</u>	<u>3,877</u>	<u>3,523</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended December 31, 2014

Description	DIUC ORS		\$ Combined Operations	\$ Water Operations	\$ Sewer Operations	
	Adj.	Adj.				
(23) <u>Income Tax Expense</u>						
State and Federal Income Taxes	(22)	23	To adjust State and Federal income taxes for the revenue necessary to calculate a 9.28% return on equity. See Rehearing Audit Exhibit DFS-6.			
			Per ORS	174,084	85,599	88,486
			Per DIUC	201,667	93,236	108,431
(23) <u>Total Income Tax Expense</u>				174,084	85,599	88,486
(24) <u>Customer Growth</u>						
		24	To adjust for customer growth for the revenue necessary to calculate a 9.28% return on equity. ORS used the growth factors of 0.18519% for water and 0.48985% for sewer as was done on Audit Exhibit ICG-4.			
			Per ORS	1,498	386	1,112
			Per DIUC	0	0	0
(24) <u>Total Customer Growth</u>				1,498	386	1,112

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Computation of Depreciation and Amortization Expense
For the Test Year Ended December 31, 2014

Depreciation Expense Adjustment

Description	Plant Balance 12/31/14	ORS Adjustment	Water Total	Service life	Dep. Rate	Utilization Factor	2014 Depr. Expense	Less: Per Books	ORS Adjustment
Organizational Costs	\$ 73,597	\$ (73,597)	\$ -						
Land & Land Rights	\$ 56,702	\$ (56,702)	\$ -						
General Plant			\$ 17,547	6	16.67%	100.00%	\$ 2,925		
General Plant			\$ 597	15	6.67%	100.00%	\$ 40		
General Plant			\$ 5,143	16	6.25%	100.00%	\$ 321		
General Plant			\$ 22,175	40	2.50%	100.00%	\$ 554		
Total General Plant	\$ 59,599	\$ (14,137)	\$ 45,462						
Other Intangible Plant	\$ 404	\$ -	\$ 404	10	10.00%	100.00%	\$ 40		
Meters	\$ 8,786	\$ 1,718	\$ 10,504	20	5.00%	45.28%	\$ 238		
Pumping	\$ 61,307	\$ (24,605)	\$ 36,702	20	5.00%	45.28%	\$ 831		
Reservoirs & Standpipes	\$ 907,325	\$ (9,246)	\$ 898,079	37	2.70%	45.28%	\$ 10,980		
Storage	\$ 81,907	\$ (75,907)	\$ 6,000	37	2.70%	45.28%	\$ 73		
Treatment			\$ 4,816	30	3.33%	45.28%	\$ 73		
Treatment			\$ 234,776	32	3.13%	45.28%	\$ 3,327		
Total Treatment	\$ 321,643	\$ (82,051)	\$ 239,592						
Water & Sewer Mains	\$ 1,509,687	\$ (91,176)	\$ 1,418,511	45	2.22%	45.28%	\$ 14,259		
Wells	\$ 794,864	\$ -	\$ 794,864	30	3.33%	45.28%	\$ 11,985		
Well Site	\$ 23,211	\$ (1,986)	\$ 21,225	18	5.56%	45.28%	\$ 534		
Total	\$ 3,899,032	\$ (427,689)	\$ 3,471,343				\$ 46,180	41,046	5,134

Description	Plant Balance 12/31/14	ORS Adjustment	Wastewater Total	Service life	Dep. Rate	Utilization Factor	2014 Depr. Expense	Less: Per Books	ORS Adjustment
Organizational Costs	\$ 73,597	\$ (73,597)	\$ -						
Land & Land Rights	\$ 63,710	\$ (63,710)	\$ -						
General Plant			\$ 17,547	6	16.67%	100.00%	\$ 2,925		
General Plant			\$ 597	15	6.67%	100.00%	\$ 40		
General Plant			\$ 4,780	16	6.25%	100.00%	\$ 299		
General Plant			\$ 4,592	18	5.56%	100.00%	\$ 255		
General Plant			\$ 22,175	40	2.50%	100.00%	\$ 554		
Total General Plant	\$ 54,868	\$ (5,177)	\$ 49,691						
Other Intangible Plant	\$ 204	\$ -	\$ 204	10	10.00%	100.00%	\$ 20		
Power Generation Equipment	\$ 4,632	\$ 4,514	\$ 9,146	20	5.00%	33.88%	\$ 155		
Pumping			\$ 85,323	18	5.56%	33.88%	\$ 1,607		
Pumping			\$ 53,027	25	4.00%	33.88%	\$ 719		
Total Pumping	\$ 158,189	\$ (19,839)	\$ 138,350						
T&D Equipment			\$ 29,163	15	6.67%	33.88%	\$ 659		
T&D Equipment			\$ 4,114	18	5.56%	33.88%	\$ 77		
T&D Equipment			\$ 380,128	32	3.13%	33.88%	\$ 4,031		
Total T&D Equipment	\$ 417,412	\$ (4,007)	\$ 413,405						
Treatment			\$ 3,600	15	6.67%	33.88%	\$ 81		
Treatment			\$ 91,380	18	5.56%	33.88%	\$ 1,721		
Treatment			\$ 121,491	32	3.13%	33.88%	\$ 1,288		
Total Treatment	\$ 289,565	\$ (73,094)	\$ 216,471						
Water & Sewer Mains	\$ 2,118,279	\$ (36,762)	\$ 2,081,517	45	2.22%	33.88%	\$ 15,656		
Outfall Main	\$ 66,704	\$ -	\$ 66,704	30	3.33%	33.88%	\$ 753		
WW Treatment Plant	\$ 818,187	\$ -	\$ 818,187	32	3.13%	33.88%	\$ 8,676		
Total	\$ 4,065,347	\$ (271,672)	\$ 3,793,675				\$ 39,516	35,256	4,260
Total Water/Wastewater	\$ 7,964,379	\$ (699,361)	\$ 7,265,018				\$ 85,696	\$ 76,302	\$ 9,394

Amortization of CIAC

Description	Per Books	Adjustment	W/WW Total	Service life	Dep. Rate	Utilization Factor	2014 Amort. Expense	Less: Per Books	ORS Adjustment
Water - CIAC @12/31/2014	\$ (458,500)	\$ -	\$ (458,500)	50	2.00%	45.28%	(4,152)	(4,125)	(27)
Wastewater - CIAC @ 12/31/2014	\$ (201,795)	\$ -	\$ (201,795)	50	2.00%	33.88%	(1,367)	(1,488)	121
Total Water/Wastewater CIAC	\$ (660,295)	\$ -	\$ (660,295)				\$ (5,519)	\$ (5,613)	\$ 94

- Reservoirs & Standpipes water total per Audit Exhibit ICG-5 was \$34,700. Water total of \$898,079 above with inclusion of elevated storage tank of \$863,379.
- Wells water total per Audit Exhibit ICG-5 was \$732,908. Water total of \$794,864 above with inclusion of elevated tank site well of \$61,956.

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Computation of Income Taxes
For the Test Year Ended December 31, 2014

After Accounting & Pro Forma Adjustments			
Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	1,073,577	542,472	531,105
Operating Expenses	1,235,793	652,286	583,507
Net Operating Income Before Taxes	(162,216)	(109,814)	(52,402)
Less: Annualized Interest Expense	142,783	64,515	78,268
Taxable Income - State	(304,999)	(174,329)	(130,670)
State Taxable Income	5%	5%	5%
State Income Taxes (Note)	(15,250)	(8,716)	(6,534)
Less: State Income Taxes Per Book	0	0	0
Adjustment to State Income Taxes	0	0	0
Taxable Income - Federal (Note)	(289,749)	(165,612)	(124,137)
Federal Income Tax @ 34%	(98,515)	(56,308)	(42,206)
Less: Federal Income Taxes Per Book	0	0	0
Adjustment to Federal Income Taxes	0	0	0
Total Adjustment to Income Taxes (Note)	0	0	0

After 9.28% Return on Equity Rehearing Increase			
Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Operating Revenues	1,937,494	995,047	942,447
Operating Expenses	1,327,996	701,045	626,951
Net Operating Income Before Taxes	609,498	294,002	315,496
Less: Annualized Interest Expense	142,783	64,515	78,268
Taxable Income - State	466,715	229,487	237,228
State Taxable Income	5%	5%	5%
State Income Taxes	23,335	11,474	11,861
Less: State Income Taxes Per Book	0	0	0
Adjustment to State Income Taxes	23,335	11,474	11,861
Taxable Income - Federal	443,380	218,013	225,367
Federal Income Tax @ 34%	150,749	74,125	76,625
Less: Federal Income Taxes Per Book	0	0	0
Adjustment to Federal Income Taxes	150,749	74,125	76,625
Total Adjustment to Income Taxes	174,084	85,599	88,486

Note: Taxable income is based on the calculation of net operating income before taxes less annualized interest expense. Since this amount is negative after accounting and pro forma adjustments, there are no income taxes as shown on Rehearing Audit Exhibits DFS-1, DFS-2 and DFS-3, Column 3.

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Cash Working Capital Allowance
For the Test Year Ended December 31, 2014

After Accounting & Pro Forma Adjustments

Description	\$ Combined Operations	\$ Water Operations	\$ Sewer Operations
Total Expenses for Computation	817,590	446,571	371,019
Allowable Rate (1/5 O&M)	<u>20.00%</u>	<u>20.00%</u>	<u>20.00%</u>
Computed Cash Working Capital	163,518	89,314	74,204
Cash Working Capital - Application Per Books	<u>75,842</u>	<u>0</u>	<u>75,842</u>
Cash Working Capital Adjustment - ORS Accounting & Pro Forma Adjustment	<u>87,676</u>	<u>89,314</u>	<u>(1,638)</u>

Daufuskie Island Utility Company, Inc.
Docket No. 2014-346-WS
Return on Equity
For the Test Year Ended December 31, 2014

Combined Operations

Description	Capital Structure		Application Per Books (Note 1)			Income For Return	After Accounting and Pro forma Adjustments			Income For Return	After 9.28% Return on Equity Rehearing Increase			Income For Return
			Rate Base	Embedded Cost/Return	Overall Cost/Return		Rate Base	Embedded Cost/Return	Overall Cost/Return		Rate Base	Embedded Cost/Return	Overall Cost/Return	
Long-Term Debt	\$ 2,750,000	46.0%	\$ 3,180,451	5.29%	2.43%	\$ 168,246	\$ 2,699,111	5.29%	2.43%	\$ 142,783	\$ 2,699,111	5.29%	2.43%	\$ 142,783
Common Equity	5,358,573	54.0%	3,733,573	-3.47%	-1.87%	(129,534)	3,168,521	-9.63%	-5.20%	(304,999)	3,168,521	9.28%	5.01%	294,129
Totals	\$ 8,108,573	100.00%	\$ 6,914,024		0.56%	\$ 38,712	\$ 5,867,632		-2.77%	\$ (162,216)	\$ 5,867,632		7.44%	\$ 436,912

Water Operations

Description	Capital Structure		Application Per Books (Note 1)			Income For Return	After Accounting and Pro forma Adjustments			Income For Return	After 9.28% Return on Equity Rehearing Increase			Income For Return
			Rate Base	Embedded Cost/Return	Overall Cost/Return		Rate Base	Embedded Cost/Return	Overall Cost/Return		Rate Base	Embedded Cost/Return	Overall Cost/Return	
Long-Term Debt	\$ 2,750,000	46.0%	\$ 1,443,790	5.29%	2.43%	\$ 76,376	\$ 1,219,566	5.29%	2.43%	\$ 64,515	\$ 1,219,566	5.29%	2.43%	\$ 64,515
Common Equity	5,358,573	54.0%	1,694,883	-5.76%	-3.10%	(97,553)	1,431,664	-12.18%	-6.58%	(174,329)	1,431,664	10.08%	5.44%	144,275
Totals	\$ 8,108,573	100.00%	\$ 3,138,673		-0.67%	\$ (21,177)	\$ 2,651,230		-4.15%	\$ (109,814)	\$ 2,651,230		7.87%	\$ 208,790

Sewer Operations

Description	Capital Structure		Application Per Books (Note 1)			Income For Return	After Accounting and Pro forma Adjustments			Income For Return	After 9.28% Return on Equity Rehearing Increase			Income For Return
			Rate Base	Embedded Cost/Return	Overall Cost/Return		Rate Base	Embedded Cost/Return	Overall Cost/Return		Rate Base	Embedded Cost/Return	Overall Cost/Return	
Long-Term Debt	\$ 2,750,000	46.0%	\$ 1,736,661	5.29%	2.43%	\$ 91,869	\$ 1,479,545	5.29%	2.43%	\$ 78,268	\$ 1,479,545	5.29%	2.43%	\$ 78,268
Common Equity	5,358,573	54.0%	2,038,690	-1.57%	-0.84%	(31,980)	1,736,857	-7.52%	-4.06%	(130,670)	1,736,857	8.63%	4.66%	149,854
Totals	\$ 8,108,573	100.00%	\$ 3,775,351		1.59%	\$ 59,889	\$ 3,216,402		-1.63%	\$ (52,402)	\$ 3,216,402		7.09%	\$ 228,122

Note 1: The interest expense calculations reflect ORS's capital structure ratios and cost of debt applied to the Company's per book numbers.